

Baker & Hostetler LLP

45 Rockefeller Plaza
New York, NY 10111
Telephone: (212) 589-4200
Facsimile: (212) 589-4201
David J. Sheehan
Tracy L. Cole
M. Elizabeth Howe

*Attorneys for Irving H. Picard, Trustee for the
Substantively Consolidated SIPA Liquidation of
Bernard L. Madoff Investment Securities LLC
and the Estate of Bernard L. Madoff*

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

SECURITIES INVESTOR PROTECTION
CORPORATION,

Plaintiff,

v.

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Defendant.

Adv. Pro. No. 08-01789 (SMB)

SIPA LIQUIDATION

(Substantively Consolidated)

In re:

BERNARD L. MADOFF,

Debtor.

IRVING H. PICARD, Trustee for the Substantively
Consolidated SIPA Liquidation of Bernard L.
Madoff Investment Securities LLC and the Estate
of Bernard L. Madoff,

Plaintiff,

v.

DOUGLAS HALL; STEVEN HEIMOFF;
BOTTLEBRUSH INVESTMENTS, L.P.;
LEGHORN INVESTMENTS LTD.; and XAVIER
BECERRA, solely in his capacity as Attorney

Adv. Pro. No. 12-01001 (SMB)

General for the State of California,

Defendants.

**STIPULATION AND ORDER FOR VOLUNTARY DISMISSAL
OF ADVERSARY PROCEEDING WITH PREJUDICE**

Irving H. Picard (the “Trustee”), as trustee for the liquidation of the business of Bernard L. Madoff Investment Securities LLC under the Securities Investor Protection Act, 15 U.S.C. §§ 78aaa, *et seq.*, and the substantively consolidated estate of Bernard L. Madoff individually, and defendants Douglas Hall, Steven Heimoff, Bottlebrush Investments, L.P., Leghorn Investments Ltd. (the “California Private Plaintiffs”) and Xavier Becerra, solely in his capacity as Attorney General for the State of California (the “Attorney General,” and collectively with the California Private Plaintiffs, “Defendants”), by and through their respective counsel (collectively, the “Parties”), hereby stipulate and agree to the following:

1. On January 4, 2012, the Trustee filed and served a complaint (“Complaint”) and application (“Application”) seeking a declaration that pending actions commenced by the Defendants in the State of California (the “California Actions”) are void *ab initio* as violative of the automatic stay due to the filing of the Trustee’s avoidance action in *Picard v. Estate of Stanley Chais, et al.*, Adv. Pro. No. 09-01172 (SMB) (the “*Chais* Action”) and seeking to preliminarily enjoin the continued litigation of the California Actions.

2. In accordance with the Parties’ stipulations extending Defendants’ time to respond, so-ordered by this Court, Defendants have not submitted responses to the Complaint.

3. On October 28, 2016, the Parties entered into three settlement agreements with respect to the California Actions and the *Chais* Action:

- i. an agreement between the Trustee and the Defendants in the *Chais* Action (the “Trustee Settlement Agreement”); and

- ii. an agreement between certain defendants in the *Chais* Action and the Attorney General in which the Trustee participated as a limited party (the “AG Settlement Agreement”); and
- iii. an agreement between certain defendants in the *Chais* Action, and the California Private Plaintiffs in which the Trustee participated as a limited party (the “CP Settlement Agreement”).

4. On October 28, 2016, the Trustee filed a motion under Federal Rule of Bankruptcy Procedure 2002 and 9019 seeking approval of the Trustee Settlement Agreement and the Trustee’s entry into the AG Settlement Agreement and the CP Settlement Agreement on the limited bases set forth therein. (ECF No. 62).

5. On November 18, 2016, this Court entered orders approving the Trustee Settlement Agreement and the Trustee’s entry into the AG Settlement Agreement and CP Settlement Agreement on the limited bases set forth therein. (ECF No. 67, 68).

6. The Trustee’s Settlement Agreement subsequently became effective according to its terms.

7. On March 1, 2017, the CP Settlement Agreement was approved by the Los Angeles Superior Court in California; this approval subsequently became final and unappealable. The Trustee is informed by the Parties that the CP Settlement Agreement and the AG Settlement Agreement have become effective according to their terms.

8. With the approval of the CP Settlement Agreement, and the Attorney General’s entry into the AG Settlement Agreement, all claims in the California Actions have been resolved. The Trustee’s claims in the *Chais* Action have also been resolved through the Trustee Settlement Agreement. Thus, the Trustee’s Application for injunctive relief with respect to the California

Actions is no longer necessary.

9. In accordance with Federal Rule of Bankruptcy Procedure 7041(a)(1)(ii), and Federal Rule of Civil Procedure 41(a)(1), the Parties hereby stipulate to a dismissal with prejudice of the Trustee's claims against Defendants in the above-captioned adversary proceeding and dismissal of the adversary proceeding.

10. The provisions of this Stipulation shall be binding upon and shall inure to the benefit of the Parties and their respective successors and assigns and upon all creditors and parties of interest.

11. This Stipulation may be signed by the Parties in any number of counterparts, each of which when so signed shall be an original, but all of which shall together constitute one and the same instrument. A signed facsimile, photostatic or electronic copy of this Stipulation shall be deemed an original.

Dated: New York, New York
October 10, 2017

BAKER & HOSTETLER LLP

By: /s/ Tracy Cole
45 Rockefeller Plaza
New York, New York 10111
Telephone: (212) 589-4200
Facsimile: (212) 589-4201
David J. Sheehan
Email: dsheehan@bakerlaw.com
Tracy Cole
Email: tcole@bakerlaw.com
M. Elizabeth Howe
Email: bhowe@bakerlaw.com

*Attorneys for Plaintiff Irving H. Picard, Trustee for
the Substantively Consolidated SIPA Liquidation of
Bernard L. Madoff Investment Securities LLC and
the Estate of Bernard L. Madoff*

MILBERG LLP

By: /s/ Barry Weprin
One Pennsylvania Plaza
New York, New York 10119
Facsimile: (212) 868-1229
Barry Weprin
Joshua E. Keller
Email: bweprin@milberg.com
lsmith@milberg.com
jkeller@milberg.com

Attorneys for Defendants Douglas Hall, as Co-Trustee of the Vivian H. Hall IRA and Derivatively on Behalf of Crescent Securities, and Steven Heimoff, Derivatively on Behalf of Marloma Securities

**WEINTRAUB TOBIN CHEDIAK COLEMAN
GRODIN LAW CORPORATION**

By: /s/ Marvin Gelfand
10250 Constellation Blvd., Suite 2900
Los Angeles, CA 90067
Facsimile: (310) 550-7191
Marvin Gelfand
Email: mgelfand@weintraub.com

Attorneys for Bottlebrush Investments and Leghorn Investments, Inc.

**XAVIER BECERRA, ATTORNEY GENERAL
OF CALIFORNIA**

By: /s/ Alexandra Robert Gordon
455 Golden Gate Avenue, Suite 11000
San Francisco, California 94102-7004
Facsimile: (415) 703-1234
Alexandra Robert Gordon
Deputy Attorney General
Department of Justice
Email: alexandra.robertgordon@doj.ca.gov

Attorneys for The People of the State of California

SO ORDERED

Dated: October 10, 2017
New York, New York

/s/ STUART M. BERNSTEIN
HONORABLE STUART M. BERNSTEIN
UNITED STATES BANKRUPTCY JUDGE